June 19, 2019

TO: Hon. Daniel Dromm

Chair, Finance Committee

Members of the Finance Committee

FROM: Rebecca Chasan, Senior Counsel, Finance Division

Stephanie Ruiz, Assistant Counsel, Finance Division

RE: Finance Committee Agenda of June 19, 2019 – Resolution approving a tax exemption for one Land Use item (Council Districts 37 and 42)

**Item 1: MHANY Dumont HDFC.PLP.FY19**

MHANY Dumont HDFC.PLP.FY19 is comprised of seven buildings containing 45 rent-stabilized residential units, one superintendent’s unit, and one commercial unit. All of the buildings are located in Brooklyn in the East New York neighborhood.

Between August 1, 1979 and April 25, 1983, all the buildings in this project were foreclosed and taken into City ownership. Through the City’s Special Initiatives Program, the City conveyed the project sites to Dumont Avenue Housing Development Fund Corporation (“Dumont Avenue HDFC”) for one dollar per tax lot on June 10, 1999, and Dumont Avenue HDFC entered into an enforcement lien mortgage agreement. As part of the disposition on June 10, 1999, Dumont Avenue HDFC entered into a 32 year-regulatory agreement with HPD, expiring in 2031, in exchange for receiving an Article XI property tax exemption.

HPD is requesting the Council to approve a partial, 40-year Article XI property tax exemption. Under the proposed project, MHANY Dumont HDFC (“Owner”) will acquire the properties and finance their rehabilitation with loans from HPD and the Community Preservation Corporation. The Owner and HPD will enter into a regulatory agreement that would require that 12 units be made available only to households earning up to 50% of AMI, 13 units be made available only to households earning up to 65% of AMI, 13 units be made available only to households earning up to 80% of AMI, and that seven units be made available only to households earning up to 100% of AMI. Upon approval of the Council, the prior Article XI property tax exemption be terminated and replaced with a new Article XI tax exemption that is coterminous with the 40-year term of the new HPD regulatory agreement.

* Borough – Brooklyn
* Block 4020, Lot 32; Block 4080, Lots 23, 24, 25, 26, 27, and 29
* Council District(s) – 37, 42
* Council Member(s) – Espinal, Barron
* Council Member approval - Yes
* Number of buildings – 7
* Number of units – 45
* Type of exemption – Article XI, partial, 40-years
* Population – affordable rental housing
* Sponsor – MHANY Dumont HDFC
* Purpose – preservation
* Cost to the City – $2.1 million
* Housing Code Violations
  + Class A – 11
  + Class B – 24
  + Class C – 4
* AMI targets – 20 units at 45% of AMI, 6 units at 55% of AMI, 5 units at 65% of AMI, 8 units at 75% of AMI, and 5 units at 80% of AMI.